



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5340 telephone
(801) 359-3940 fax
(801) 538-7223 TTY
www.nr.utah.gov

Michael O. Leavitt
Governor
Robert L. Morgan
Executive Director
Lowell P. Braxton
Division Director

m/023/004

August 2, 2002

TO: Lowell P. Braxton, Director

THRU: Mary Ann Wright, Associate Director *mon*

THRU: Wayne Hedberg, Permit Supervisor *DWH*

FROM: Tom Munson, Senior Reclamation Specialist *TM*

RE: Request for Approval of Form and Amount of Replacement Reclamation Surety, Ash Grove Cement Company, Leamington Quarry (M/023/004), Nielson Sandstone Quarry (M/023/012) and County Canyon (M/023/024), Juab County, Utah

On June 14, 2002 and July 19, 2002 respectively, the Division received replacement Reclamation Contracts and Surety Bonds from Ash Grove Cement Company for their Leamington Quarry, Neilson Sandstone Quarry and County Canyon Mine, located in Juab County, Utah. The sureties were originally issued by St. Paul Fire and Marine Insurance Company and have now been replaced by Travelers Casualty and Surety Company of America. Travelers Casualty and Surety is on the federal register of acceptable bonding companies and has an A++ rating.

The Travelers Casualty sureties are issued for the same amount as the St. Paul sureties. All three operations are due for the standard 5-year review and escalation of the reclamation sureties. The Division is currently working with the operator to receive updated information to perform the five-year reviews. We recently issued tentative approval of a permit revision for their Leamington Quarry. The Leamington bond amount will increase significantly and the operator is currently working to obtain a new form of surety (Letter of Credit) for this permit. These new replacement bonds will remain in effect until new surety amounts are calculated and received.

If you are in agreement with the acceptance of the replacement reclamation surety bonds and replacement Reclamation Contracts at this time, please sign and date the attached documents. We will then forward copies of the signed and executed documents to the operator, and release the three St. Paul Fire and Marine surety bonds. Thank you for your consideration of this request.

jb
Enclosure: (3) MR-RC's & (3) sureties
O:\M023-Juab\ashgrove-bonds.doc

Agree! LPB 8/5-02

FORM MR-RC
Revised April 4, 2001
RECLAMATION CONTRACT

File Number M/023/004

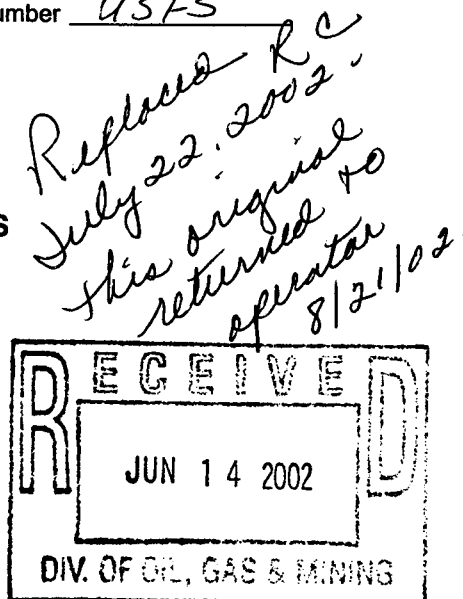
Effective Date Aug 6, 2002

Other Agency File Number USFS

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECLAMATION CONTRACT

—ooOoo—



For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)
(Mineral Mined)

M/023/004

LIMESTONE

"MINE LOCATION":

(Name of Mine)

(Description)

LEAMINGTON QUARRY

UTAH STATE HIGHWAY 132 IN EASTERN

JUAB COUNTY, UTAH. 23.5 MILES

SOUTHWEST OF NEPHI, UT & 5 MILES

NORTHWEST OF THE TOWN OF LEAMINGTON, UT.

"DISTURBED AREA":

(Disturbed Acres)

(Legal Description)

273

(refer to Attachment "A")

"OPERATOR":

(Company or Name)

(Address)

ASH GROVE CEMENT COMPANY

PO BOX 51

NEPHI UT 84648

(Phone)

801-857-2313

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone)

C. T. CORPORATION SYSTEM

50 WEST BROADWAY

SALT LAKE CITY UT 84101

801-531-7090

"OPERATOR'S OFFICER(S)":

CHARLES T. WIEDENHOFT, PRESIDENT

JOHN H. ROSS III, SR V. P. & GENERAL COUNSEL

WILLIAM H. SIEMERING, VICE PRESIDENT

"SURETY":

(Form of Surety - Attachment B)

SURETY BOND

"SURETY COMPANY":

(Name, Policy or Acct. No.)

TRAVELERS CASUALTY & SURETY CO. OF AMERICA

~~806-68880749~~

"SURETY AMOUNT":

(Escalated Dollars)

698,200.00

"ESCALATION YEAR":

2001

"STATE":

"DIVISION":

"BOARD":

State of Utah

Division of Oil, Gas and Mining

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between ASH GROVE CEMENT COMPANY the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/023/004 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated AUGUST 5, 1980, and the original Reclamation Plan dated AUGUST 5, 1980. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided

pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

ASH GROVE CEMENT COMPANY
Operator Name

By JOHN H. ROSS III
Authorized Officer (Typed or Printed)

SENIOR VICE PRESIDENT & GENERAL COUNSEL
Authorized Officer - Position

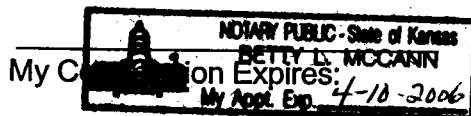
John H. Ross III
Officer's Signature

5-28-02
Date

STATE OF KANSAS)
COUNTY OF JOHNSON) ss:

On the 28th day of May, 20 02, John H. Ross III
Sr. V.P. & General Counsel of Ash Grove Cement Company and duly
personally appeared before me, who being by me duly sworn did say that he/she is the
acknowledged that said instrument was signed on behalf of said company by authority of
its bylaws or a resolution of its board of directors and said John H. Ross III duly
acknowledged to me that said company executed the same.

Betty L. McCann
Notary Public
Residing at Overland Park, Kansas



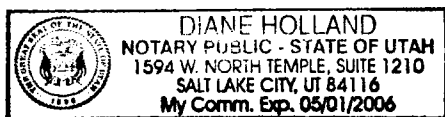
DIVISION OF OIL, GAS AND MINING:

By Lowell P Braxton
Lowell P. Braxton, Director

Date August 6, 2002

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 6th day of August, 2002 Lowell P. Braxton
personally appeared before me, who being duly sworn did say that he/~~she~~, the said Lowell P. Braxton
is the Director of the Division of Oil, Gas and Mining,
Department of Natural Resources, State of Utah, and he/~~she~~ duly acknowledged to me that
he/~~she~~ executed the foregoing document by authority of law on behalf of the State of Utah.



Diane Holland
Notary Public
Residing at: Salt Lake City, Utah

5/1/06
My Commission Expires:

ATTACHMENT "A"

ASH GROVE CEMENT COMPANY
Operator

LEAMINGTON QUARRY
Mine Name

Permit Number

JUAB County, Utah

LEGAL DESCRIPTION

Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.

The detailed legal description of lands to be disturbed is:

PARTS OF SOUTH 1/2 OF SECTION 33, TOWNSHIP 14 SOUTH,
RANGE 3 WEST, AND PARTS OF SECTIONS 4 AND 5, TOWNSHIP 15 SOUTH,
RANGE 3 WEST, SLB-M. JUAB COUNTY, UTAH.

ATTACHMENT B

FORM MR-6
Joint Agency Surety Form
(January 18, 2000)

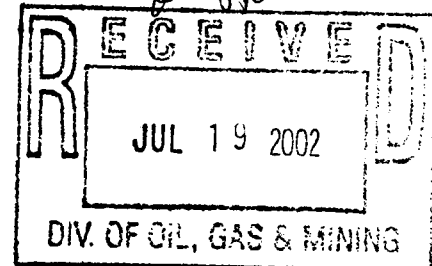
Bond Number _____ (Replaces
Permit Number M/023/004
Mine Name Leamington Quarry
Other Agency File Number USFS

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940

THE MINED LAND RECLAMATION ACT

SURETY BOND

*Released
Travelers Surety Bond
8/21/02. Replaced
with 20c. this
original return
to operator*



The undersigned ASH GROVE CEMENT COMPANY as Principal, and TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA as Surety, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining, and the USDA - Forest Service, in the penal sum of Six Hundred Ninety Eight Thousand, Two Hundred----- dollars (\$ 698,200.00).

Principal has estimated in the Mining and Reclamation Plan approved by the Division of Oil, Gas and Mining on the 5th day of August, 20 1980 that 273 acres of land will be disturbed by this mining operation in the State of Utah.

A description of the disturbed land is attached as "Attachment A" to the Reclamation Contract of which this document is an integral part.

The condition of this obligation is that if the Division determines that Principal has satisfactorily reclaimed the disturbed lands in accordance with the approved Mining and Reclamation Plan and has faithfully performed all requirements of the Mined Land Reclamation Act, and complied with the Rules and Regulations adopted in accordance therewith, then this obligation shall be void; otherwise it shall remain in full force and effect.

If the Mining and Reclamation Plan provides for periodic partial reclamation of the disturbed lands, and if the lands are reclaimed in accordance with such Plan, Act and regulations, then Principal may apply for a reduction in the amount of this Surety Bond.

Bond Number _____
Permit Number M/023/004
Mine Name Leamington Quarry
Other Agency File Number USFS

In the converse, if the Mining and Reclamation Plan provides for a gradual increase in the area disturbed or the extent of disturbance, then, the Division may require that the amount of this Surety Bond be increased, with the written approval of the Surety.

This bond may be canceled by the Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

ASH GROVE CEMENT COMPANY
Principal (Permittee)

Charles T. Sunderland
By (Name typed):

Chairman of the Board of Directors

Title Charles T. Sunderland
Signature

April 30, 2002
Date

Surety Company
TRAVELERS CASUALTY AND SURETY
COMPANY OF AMERICA
Surety Company Name

Debra J. Scarborough
Surety Company Officer

Attorney-in-Fact
Title/Position
Debra J. Scarborough
Signature

One Tower Square
Street Address

Hartford, CT 06183
City, State, Zip

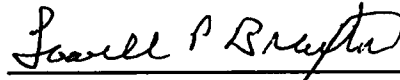
(860) 277-0111
Phone Number

April 30, 2002
Date

Page 3
MR-6
Joint Agency Surety Bond
Attachment B

Bond Number _____
Permit Number M/023/004
Mine Name Leamington Quarry
Other Agency File Number USFS

SO AGREED this 6th day of August, 2002.



Lowell P. Braxton, Director
Utah State Division of Oil, Gas and Mining

*NOTE: Where one signs by virtue of Power of Attorney for a Surety Company, such Power of Attorney must be filed with this bond. If the Principal is a corporation, the bond shall be executed by its duly authorized officer.

Page 4
MR-6
Joint Agency Surety Bond
Attachment B

Bond Number _____
Permit Number M7023/004
Mine Name Leamington Quarry
Other Agency File Number USFS

AFFIDAVIT OF QUALIFICATION

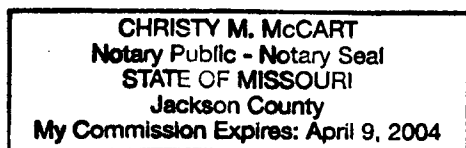
On the 30th day of April, 20 02, personally appeared before me _____
Debra J. Scarborough who being by me duly sworn did say that he/she, the said _____
Debra J. Scarborough is the Attorney-in-Fact of Travelers Casualty and Surety
Company of America and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said Debra J. Scarborough
_____ duly acknowledged to me that said company executed the same, and that he/she is duly
authorized to execute and deliver the foregoing obligations; that said Surety is authorized to execute the
same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon
bonds, undertaking and obligations.

Signed: [Signature]
Surety Officer Debra J. Scarborough

Title: Attorney-in-Fact

STATE OF MISSOURI)
) ss:
COUNTY OF JACKSON)

Subscribed and sworn to before me this 30th day of June, 20 02.



Christy M. McCart
Notary Public

Residing at: 6039 Harrison, Kansas City, MO 64110

My Commission Expires:

April 9, 20 02.

**TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA
TRAVELERS CASUALTY AND SURETY COMPANY
FARMINGTON CASUALTY COMPANY
Hartford, Connecticut 06183-9062**

POWER OF ATTORNEY AND CERTIFICATE OF AUTHORITY OF ATTORNEY(S)-IN-FACT

KNOW ALL PERSONS BY THESE PRESENTS, THAT TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, corporations duly organized under the laws of the State of Connecticut, and having their principal offices in the City of Hartford, County of Hartford, State of Connecticut, (hereinafter the "Companies") hath made, constituted and appointed, and do by these presents make, constitute and appoint: James C. Pateidl, Michael D. Whipps, Melissa D. Evans, Janet L. Rehkop, Patrick T. Pribyl, Kathy M. Loftus, Debra J. Scarborough, David M. Lockton, Toni P. O'Rear, Veronica Lawver, Christy M. McCart, Mary T. Flanigan, of Kansas City, Missouri, their true and lawful Attorney(s)-in-Fact, with full power and authority hereby conferred to sign, execute and acknowledge, at any place within the United States, the following instrument(s): by his/her sole signature and act, any and all bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking and any and all consents incident thereto and to bind the Companies, thereby as fully and to the same extent as if the same were signed by the duly authorized officers of the Companies, and all the acts of said Attorney(s)-in-Fact, pursuant to the authority herein given, are hereby ratified and confirmed.

This appointment is made under and by authority of the following Standing Resolutions of said Companies, which Resolutions are now in full force and effect:

VOTED: That the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her.

VOTED: That the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary.

VOTED: That any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary, or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority.

This Power of Attorney and Certificate of Authority is signed and sealed by facsimile (mechanical or printed) under and by authority of the following Standing Resolution voted by the Boards of Directors of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, which Resolution is now in full force and effect:

VOTED: That the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached.

IN WITNESS WHEREOF, TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY have caused this instrument to be signed by their Senior Vice President and their corporate seals to be hereto affixed this 1st day of May 2002.

STATE OF CONNECTICUT

}SS. Hartford

COUNTY OF HARTFORD

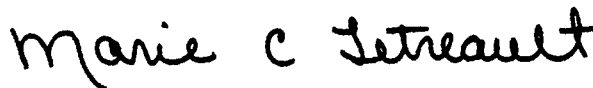
TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA
TRAVELERS CASUALTY AND SURETY COMPANY
FARMINGTON CASUALTY COMPANY



By 
George W. Thompson
Senior Vice President

On this 1st day of May, 2002 before me personally came **GEORGE W. THOMPSON** to me known, who, being by me duly sworn, did depose and say: that he/she is Senior Vice President of **TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY**, the corporations described in and which executed the above instrument; that he/she knows the seals of said corporations; that the seals affixed to the said instrument are such corporate seals; and that he/she executed the said instrument on behalf of the corporations by authority of his/her office under the Standing Resolutions thereof.





My commission expires June 30, 2006 Notary Public
Marie C. Tetreault


CERTIFICATE

I, the undersigned, Assistant Secretary of **TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY**, stock corporations of the State of Connecticut, DO HEREBY CERTIFY that the foregoing and attached Power of Attorney and Certificate of Authority remains in full force and has not been revoked; and furthermore, that the Standing Resolutions of the Boards of Directors, as set forth in the Certificate of Authority, are now in force.

Signed and Sealed at the Home Office of the Company, in the City of Hartford, State of Connecticut. Dated this _____ day of

May 1, 2002



By 
Kori M. Johanson
Assistant Secretary, Bond